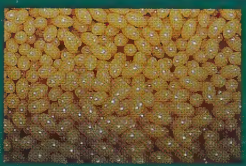
PANGEO
PHARMA INC.

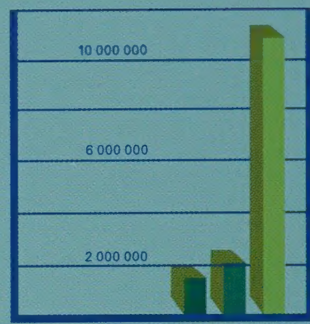




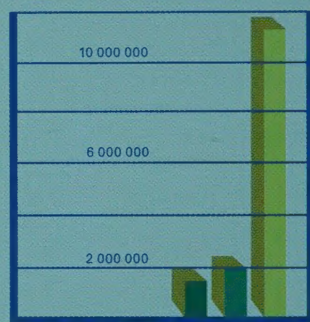

2001 ANNUAL REPORT

CORPORATE HIGHLIGHTS

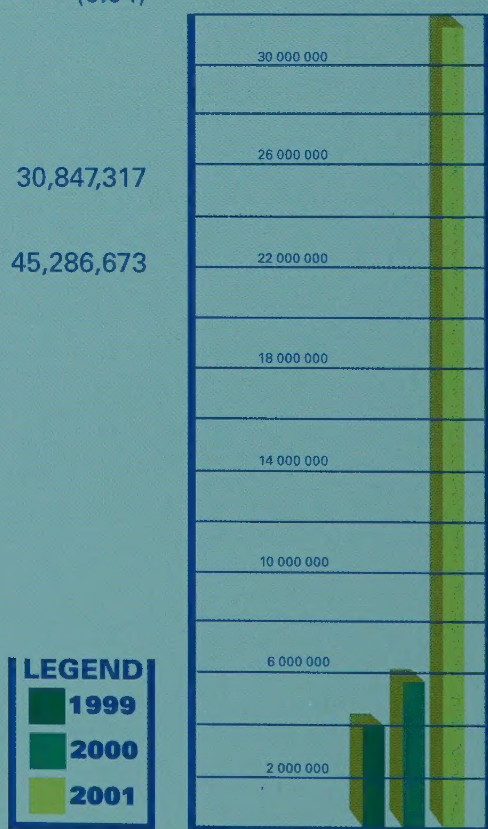
Operating Results	Fiscal 2001 $	Fiscal 2000 $
Sales	31,725,507	5,669,012
Income (Loss) Before Amortization and Interest	2,768,251	(453,683)
Net Income (Loss)	486,342	(1,181,461)
Depreciation and Amortization	(1,365,203)	(462,515)
Capital Expenditures	11,348,711	966,888
Financial Position, Year End		
Total Assets	39,798,273	4,985,993
Long-Term Debt	2,705,888	2,246,788
Shareholders' Equity	25,165,943	518,954
Data Per Common Share		
Earnings (Loss) Per Common Share	0.01	(0.04)
Other Totals at Year End		
Common Shares Outstanding (Basic)	55,299,534	30,847,317
Common Shares Outstanding (Fully Diluted)	69,042,814	45,286,673



CAPITAL ASSETS

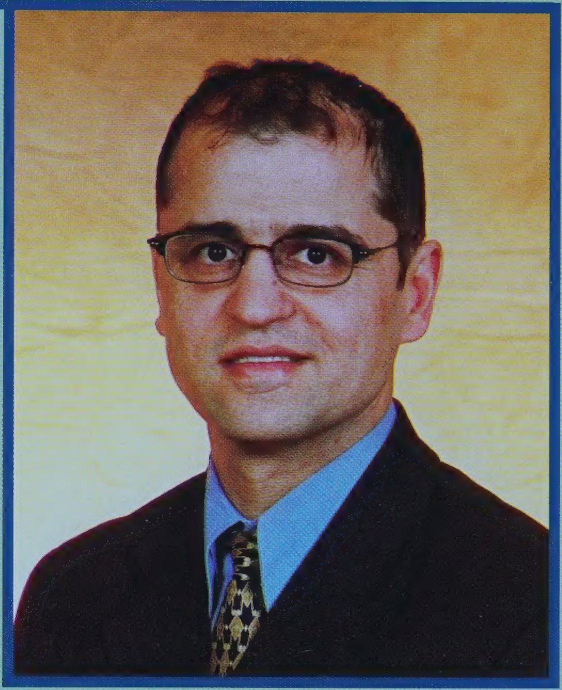


GROSS MARGIN



SALES

LETTER TO SHAREHOLDERS



To Our Shareholders:

Fiscal 2001 was a profitable year of changes - our first profitable year. At the end of fiscal 2001, our company is very different from just one year ago.

We changed the company name from Pharmex Industries Inc. to Pangeo Pharma Inc., a name that reflects the significant recent changes in our business as well as our pursuit of global opportunities in the pharmaceutical industry.

Through significant achievements in fiscal 2001, PanGeo has developed into a Tier One pharmaceutical enterprise. As a result, the Company has evolved from a private label manufacturer to a leading specialty pharmaceutical company. PanGeo has integrated its platform businesses into an international leader in quality contract manufacturing, exporting pharmaceutical products, branded sales and marketing, and drug development services.

With a demonstrated ability to execute accretive acquisitions, PanGeo became one of the fastest growing pharmaceutical companies in Canada. We experienced a ten-fold increase in growth, expanded our organic operations, and acquired significant businesses, while adding depth to management and breadth to distribution.

In doing so, PanGeo created four distinct revenue streams that diversified, strengthened, and enhanced our finance, administration and operations teams. We completed over $20 million in debt and equity financing, and celebrated our listing on the Toronto Stock Exchange (TSE) on February 23, 2001.

Our financial statements tell the clearest message of our success. Revenue increased 460%, from $5.7 million in 2000 to $31.7 million in 2001. EBITDA grew to $2.8 million from a loss of ($453,683) and Net Income grew to $486,342 from a loss in 2000 of ($1,181,461). Particularly impressive is that these numbers represent only two quarters of consolidated figures due, to the timing of our acquisition integration.

Our dramatic transformation, growth and profitability can be attributed to five key factors: Acquisitions, Synergies, Strategy Execution, Management, and Vision.

Acquisitions

Our most significant creation of value in the year came from our carefully considered acquisition program. We added several new components, all of which were in line with the PanGeo vision.

Formulex

Founded in 1979, Formulex is a manufacturer and distributor of over 85 prescription, OTC health care products. Formulex brings to Pangeo key strengths which include a low cost operating philosophy, a broad manufacturing capability, a strong exporting business, and a significant contract manufacturing business. Based on these strengths and PanGeo's reorganization of its business, Formulex is playing an exciting role in our growth and has been an accretive acquisition for the Company.

Wampole

A name trusted by Canadians since 1893, Wampole specializes in high-quality OTC products, including a full line of vitamins and supplements. Wampole distributes its healthcare products in all major retail chains across Canada, with the support of a national in-house sales force. Wampole's brand strength, experience and product line are invaluable additions to PanGeo.

PanGeo Quebec

Formerly Novopharm Quebec, Pangeo Quebec manufactures a broad range of prescription drugs and OTC pharmaceutical products at our FDA manufacturing facility located in Montreal. PanGeo Quebec's facility is central to our expansion plans, as it gives PanGeo a platform from which to access key U.S. export markets.

Synergies

Each of PanGeo's new acquisitions was selected with careful consideration of the synergies it would create within our Company.

Formulex brings new opportunities through its core strengths in the international market. We have focused the Company on these strengths and on OTC manufacturing for our Wampole products.

Wampole brings Canadian distribution strength, which we have enhanced with the addition of contracts from Abbott Labs and Obus Forme. Additional acquisitions will significantly enhance the group's market position.

PanGeo Quebec brings unmatched business and drug development capabilities and opportunities, as well as new products, new contracts and new customers.

With the combined people, assets and experience that these acquisitions bring, PanGeo can now claim:

- Over 250 products in Canada
- A national sales force of 32 professionals bringing these products to independent pharmacies and drug chain stores
- One of Canada's oldest and best recognized brands on the shelf: Wampole
- Four production plants with more than 265,000 square feet of manufacturing capacity
- Access to significant export markets
- An experienced management team with the resources to take full advantage of our tremendous opportunities

Strategy Execution

Last year, we set out to build a new kind of specialty pharmaceutical company.

To that end, we have integrated our newly acquired product lines with our highly efficient manufacturing processes. We believe that this integration makes us unique among specialty pharmaceutical companies.

Our Contract Manufacturing and drug development groups have taken our Company into higher-margin lines of business. It is here that we will find the growth and profitability required to sustain continued advancement in the pharmaceutical industry.

One of our key focus areas last year was broadening our customer base and private label business. We are happy to report private label business grew by almost 50% last year, due largely to product expansion with Shoppers Drug Mart. PanGeo also launched private label products with Zellers and IDA stores, and most recently has expanded our private label business internationally.

Management

In addition to creating an environment that rewards and retains PanGeo's staff, we also added valuable depth and experience to our management line-up. Just as we acquired key assets with a focus on the pillars of our business, PanGeo also cultivated key people who bring unique skills in brand management, sales and marketing, logistics, human resources, finance and business development.

Vision

The year ahead will be another banner year for PanGeo—one in which the Company is injecting even more energy and momentum into an already proven strategy. With a number of potential acquisitions currently under review, we plan to move forward confidently, yet we will remain ever-conscious of our established vision.

Over the next three years, we will complete our transformation of PanGeo into a significant player among integrated Tier One specialty pharmaceutical companies.

To realize this goal, we will maintain our focus on efficiency and manufacturing. Strategic acquisitions will continue to enhance, diversify and complement our business units.

We will continue to leverage partnerships and strategic alliances into expanded market share and new market possibilities. Naturally, we will continue expanding product lines and searching for complementary revenue streams.

And finally, we will rely on our quality management team to maintain the focus on growing profits.

Meeting Future Expectations

At PanGeo, we have a strong track record in bringing our vision to life.

Revenue inclusive of acquisitions increased by 460%. Acquired business showed higher margins than organic business. Our goal is to ensure that margins continue to increase. To achieve this, we will continue to be disciplined and selective on product offerings.

Looking ahead, although we are focused on our core manufacturing strengths, we will seek out opportunities and partnerships that enhance the level of proprietary science in our business mix, if they are compatible with our disciplined approach to margins.

Fiscal 2001 was indeed a year of change. It was a year in which PanGeo grew, not just in terms of revenue or profit, but as an emerging name in the pharmaceutical industry.

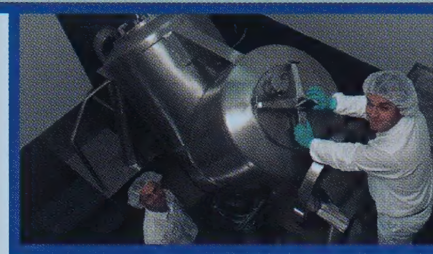
PanGeo's strong results, achieved while the Company undertook to integrate significant acquisitions, are powerful evidence that we have the right business strategy, team and vision in place. We believe that, by bringing these elements together, we have created a company that will deliver significant, lasting and growing value to our shareholders.

To our shareholders and employees, our sincere thanks for your support.

A.

Ahmad Doroudian, Ph.D.
Chairman and CEO

DIVISIONS



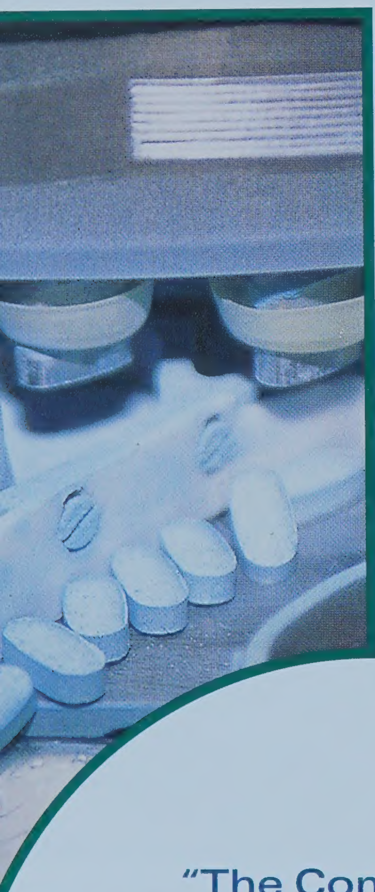
CONTRACT MANUFACTURING

PRIVATE LABEL

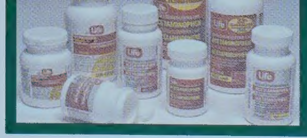
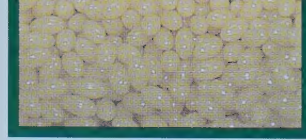
EXPORTS

BRANDED PRODUCTS

CONTRACT MANUFACTURING



"The Company's strength in Contract Manufacturing will give PanGeo significant market penetration, as more pharmaceutical companies seek outsourcing opportunities."


PanGeo's Contract Manufacturing division is capitalizing on the pharmaceutical industry's worldwide trend towards consolidation. Two of the Company's operating subsidiaries are especially active in developing their capacity in the growing business of outsourced manufacturing.

PanGeo is actively seeking out opportunities to add new products to the outsourcing business, and to bring its manufacturing facilities to full capacity. The Company has negotiated right of first refusal with Novopharm for outsourcing of manufacturing, and is looking to add more large pharmaceutical companies to a client list that already includes American Home Products, Aventis, and Novartis.

PanGeo has several key strengths that set the Company apart from the competition.

PanGeo Quebec's Montreal facility is state-of-the-art, capable of manufacturing a wide range of prescription drugs and OTC pharmaceutical products, as well as conducting its own research and development of new innovations in a stand-alone laboratory. The facility can produce a full range of products including creams, liquids, capsules, and tablets.

This facility, which is cGMP compliant, boasts approval for production of certain pharmaceutical products by the HPB and FDA, which gives PanGeo invaluable access to the U.S. market.

Also boosting PanGeo's strength in the burgeoning Contract Manufacturing business is the advanced state of Pangeo's other production facilities. The Company's three OTC manufacturing facilities, all of which are cGMP compliant, have achieved impressive economies of scale, adding even more capacity for PanGeo to attract new business.

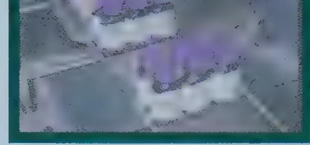
The Company's strength in Contract Manufacturing will give PanGeo significant market penetration on an international scale, as more multinational pharmaceutical companies seek outsourcing opportunities. As a result, PanGeo expects Contract Manufacturing and drug development to play a vital role in the Company's overall business strategy.



PRIVATE LABEL

"PanGeo has built on its domestic private label successes by laying the groundwork for new private label accounts, both in North America and internationally."



PanGeo's Private Label division has expanded significantly in the past year, and will continue to grow in the long term. The Company has established an impressive record of growing existing business while cultivating new clients in growing international markets.

In the past fiscal year, PanGeo expanded existing contracts with Shoppers Drug Mart, Zellers, and IDA Guardian, and added new contracts. At present, PanGeo is a dominant supplier of private label acetaminophen in Canada, and the Company is examining opportunities to build this business by adding significant international pharmacy chains to its client list.

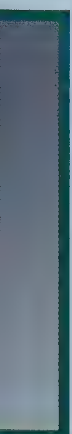
As part of PanGeo's drive to expand its business in North America and around the world, the Company is applying the same principles that have brought success in private label acetaminophen to a selective range of products for its private label partners.

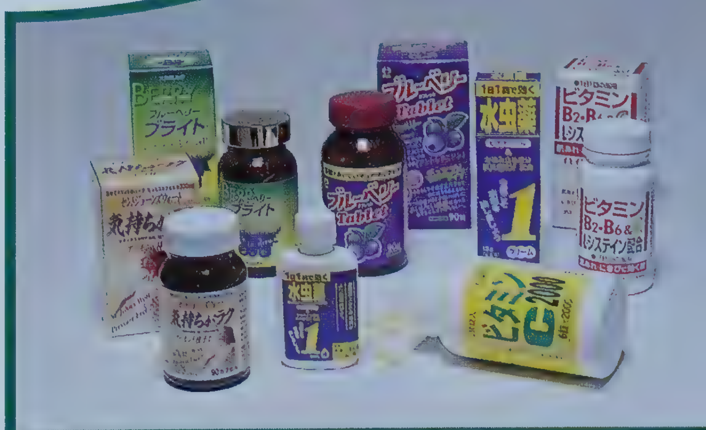
For example, PanGeo is the largest supplier of Vitamin E in Canada. Most recently, the Company has successfully secured the task of manufacturing this popular product for Shoppers' Drug Mart Life Brand.

Today, PanGeo's Vitamin E has built on its success in Canada and is being distributed to a growing number of chains outside of Canada. With great success in international markets, the Company plans to expand significantly through these relationships.

Playing a large role in the Company's plan to expand into the world's most lucrative private label markets is PanGeo Quebec's production facility, which is approved by the FDA to produce certain pharmaceuticals for the U.S. market.

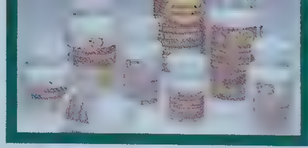
PanGeo has built on its domestic private label successes by laying the groundwork for new private label accounts, both in North America and internationally. This ensures a constant and growing revenue stream in these expanding markets.

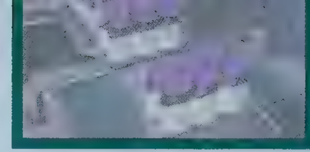


EXPORTS

"Formulex's international expertise is now available to other PanGeo divisions, allowing PanGeo to match existing products with new markets."



The acquisition and integration of Formulex Canada into the PanGeo group of companies has accelerated our international focus.

The Formulex team, with over 20 years of excellence in product development and quality assurance, has created an export team with an outstanding track record of finding international opportunities.

With the knowledge that the Formulex team has gained from their partnerships with foreign governments, foreign aid agencies and pharmaceutical wholesalers around the world, PanGeo now has the ability to develop markets on a global scale.

Formulex's international expertise is now available to other PanGeo divisions, allowing PanGeo to match existing products with new markets. For example, the Company's strong integrated analgesic manufacturing capabilities are now being opened to export opportunities.

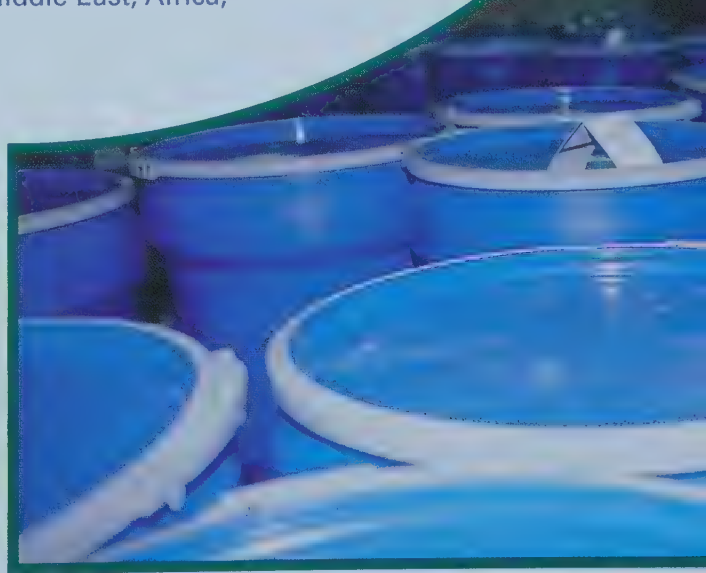
Manufacturing capability and expertise are also being increased across all divisions, enabling the Company to produce top-quality products at a lower cost than the competition. The existing client base has also been restructured, as the Company has shifted its focus from low-margin businesses to enable capacity, time, and management attention to be focused on higher-margin opportunities.

At the same time, improvements have been made to production facilities. Capacity is being improved. The variety of products offered for export is being increased as all PanGeo divisions benefit from the export team's experience and reputation for excellence.

The result of this is improved margins from existing business, and more opportunities for revenue growth in the future. The Company's recent Team Canada trade mission to Morocco, which resulted in contracts that are now being fulfilled, was another step in building the Company's opportunities on a global scale.

In the coming year, the Company will continue to expand its business in principal international markets, which include Middle East, Africa, Europe and Asia.

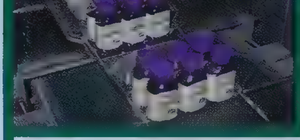




BRANDED PRODUCTS

"With a time-tested reputation, significant manufacturing capability, and innovative new partnerships, Wampole is poised to capitalize on the growing market for its quality products."



PanGeo's Branded Products division is led by Wampole Brands Inc, which has been one of Canada's most trusted brand names for more than 100 years. Generations of Canadians have relied on Wampole quality. Today, this reputation continues to be enhanced with a growing line of products and strategic partnerships that extend the Wampole name as a provider of a full line of medication and health care products.

Wampole distributes 135 high-quality branded over-the-counter (OTC) products, including a full line of vitamins, supplements and herbals. The Company has developed a series of very strong relationships with a number of retail chains and pharmacies who appreciate Wampole's commitment to quality, service, and outstanding customer satisfaction.

Currently Wampole products are distributed in all major Canadian retail chains from a distribution facility in Montreal, Quebec. Those accounts are serviced by Wampole's strong national sales force, a key asset for expanding the business with even more retailers.

Retailers also appreciate the Company's entry into new product lines that are primed for growth. One of the most exciting ways this is happening is by entering into co-branding agreements with other market leaders. In just one example, the Company has entered into an agreement with Obus Forme to produce a line of muscle relaxants that capitalizes on both companies' respective reputations for quality and their strong brand awareness.

Wampole's growth will also be aided by the unique partnerships that the Company has entered into. For example, last November, the Company signed a significant outsourcing agreement with Abbott Laboratories Ltd. Wampole is now responsible for retail coverage at the store level in Canada of Abbott's entire Pediatric and Adult Nutritional brands including such category leading products as Similac, Pedialyte and Ensure, along with the entire OTC line. This represents a significant enhancement of Wampole's sales portfolio and will add to Wampole's profitability.

With a time-tested reputation, significant manufacturing capability, and innovative new partnerships, Wampole is poised to capitalize on the growing market for its quality products.


MD&A

Overview

PanGeo Pharma Inc. is a specialty pharmaceutical company providing contract manufacturing, formulation development and sales distribution services to multinational drug companies. PanGeo also manufactures, distributes and exports pharmaceutical products to North American and international chain pharmacies. The Company and its subsidiaries comprise four distinct but interrelated businesses: Contract Manufacturing, Branded Healthcare, Exports, and Private Label products.

The Company owns and operates four cGMP compliant manufacturing facilities which are operated through wholly-owned subsidiaries in Canada and Eastern Europe comprising 265,000 square feet of capacity.

PanGeo s manufacturing activities consist primarily of solid, semi-solid and liquid dosage Rx and OTC products. These products are manufactured to client specifications according to the cGMP guidelines established by Canada s Health Canada and United States Food and Drug Administration (FDA). PanGeo s team of production, quality control, logistics and sales professionals ensures timely delivery of high quality products to clients distribution facilities.

During fiscal 2001, the Company served approximately 30 pharmaceutical companies, including 4 of the world s 10 largest multinational pharmaceutical companies. PanGeo also provided contract private label services to 4 pharmacy chains in Canada and since year-end has added an additional 19 pharmacy chain customers outside of Canada.

In addition, PanGeo provides formulation, pilot batch and analytical development services to pharmaceutical and biotechnology companies. PanGeo's formulation development and regulatory affairs specialists ensure timely submission of data and documents to the government authorities for approval.

Through the Wampole national sales force, the Company sells and distributes a large portfolio of branded OTC healthcare products across Canada. Wampole also serves as a contract sales force for a significant portfolio of category-leading healthcare products in Canada.

Together, PanGeo's divisions offer multinational drug companies and pharmacy chains a very competitive package of total value that includes contract sales, manufacturing, drug development and brand management. PanGeo is unique among specialty pharmaceutical companies in offering such a range of goods and services.

Sales

Sales in fiscal year-ended January 31, 2001 were $31,725,507, up from $5,669,012 the previous year. The total sales can be broken into the Company's existing business, which comprised $8.5 million, and the sales which were acquired throughout the year, which totaled $23.2 million from the various acquisitions completed by the Company. Therefore, organic growth of the business equaled 49%. It is important to note the total sales represent only two quarters of consolidated figures due to the timing of acquisitions.

Gross Profit

In line with our budget anticipating the completed acquisitions, our gross margin exceeded 35%. In light of fiscal year 2001's strong performance, it is clear that PanGeo's strategy of concentrating on high-volume, higher margin businesses is reflected in the results.

We have grown our gross margins from 34% last year to 41% this year, exceeding expectations. Accordingly, gross profits increased to $12,938,701, up from $1,907,939. This is, in large part, due to our enhanced corporate purchasing group's implementation of our synergistic savings plan, in the third quarter following our acquisition of Novopharm Quebec.

General and Administrative Expenses

General and administrative expenses increased from $2.4 million to $10.2 million in the fiscal year. These costs, as a percentage of sales, decreased from 42% last year to 32% of sales in 2001, thereby contributing to the Company's profitable growth.

The absolute increase in expenses is a direct result of the Company's investment in quality personnel, infrastructure and accretive acquisitions.

Operating Income

Operating Income ("EBITDA"), representing earnings before interest, income taxes, depreciation and amortization equaled $2,768,251 up from ($453,683) due to a combination of internal growth and strategic acquisitions.

Depreciation and Amortization

Depreciation and Amortization expenses totaled $1,365,203 up from $462,515 in the previous year. As a percentage of consolidated revenues this was 4.3%, down from 8.1% in the previous year.

Interest

Interest increased to $877,176 from $265,263 in the previous year. Interest from acquisition-related bridge financings totaled $322,412. Interest from convertible debentures, which at year-end had been converted into common shares, equaled $27,978. Interest from the Company's term and operating loans equaled $526,788.

Net Income

Net Income was $486,342 as compared to ($1,181,461) in the previous year. On a per share basis, this equaled $0.01 compared to ($0.04) last year.

Liquidity and Capital Structure

For the year ended January 31, 2001, Cash Flow from Operations (before net change in non-cash working capital balances related to operations) was $1,851,545 compared with ($718,946) in the previous year.

As a result of growing revenues, working capital requirements increased by $11,933,933 to support higher receivables and inventories, which were partially offset by an increase in accounts payable and accrued liabilities. Net overall cash used by the Company was $2,425,590 leaving a balance of ($3,001,278) which represents the operating line of the Company at year-end. This decrease reflected the consideration for the acquisition of new businesses, manufacturing sites, and increased additions to capital assets, which were partially financed from the proceeds of the Company's common share offerings completed during the year. Working Capital increased to $11,405,719 from $383,395 in the previous year. The working capital ratio at January 31, 2001 improved to 1.92:1 from 1.16:1 at January 31, 2000.

Capital Expenditures

The Company had an increase in capital assets to $11,335,740 compared with $1,918,119 in fiscal 2000. Additions to capital assets were financed in part from cash provided from operating activities, debt financing and in part from the proceeds of the Company's common share offerings completed during the year and were comprised mostly of fixed assets of facilities related to the Company's acquisitions.

Interest-Bearing and Long-Term Debt

The Company had consolidated interest-bearing debt of $5,707,166, which was comprised of $2,705,888 of long-term debt and $3,001,278 of short-term bank debt.

At January 31, 2001, the Company had credit approvals with its bankers for up to $15 million and had borrowings under these facilities of $3,001,278. At year-end the Company had approximately $10 million of available credit under its operating facilities.

In fiscal 2001, the Company's debt-to-equity ratio was 22.7%, a significant improvement over the previous year in which total debt exceeded total equity.

Long-term debt was 7.1% of invested capital, defined as total debt, deferred income taxes and shareholders' equity, compared with 61.1% in the previous year.

The Company has sufficient working capital and believes that it has availability to draw on credit for acquisitions and other capital expenditures.

Shareholders' Equity

At January 31, 2001, Shareholders' Equity was $25,165,943, compared to $518,954 at year-end 2000. The increase was the result of net income of $486,342 and the net proceeds of the Company's common share offerings completed during the year. During the year the Company converted $300,000 principal amount of Series C and $1,500,000 principal amount of Series D debentures into common shares at a conversion rate of $0.35 per share resulting in the issuance of 5,398,176 common shares. On May 11, 2000 the Company issued 1,353,548 common shares in part payment for the acquisition of Formulex Canada Inc. at a deemed price of $1.55 per share. On June 16, 2000 the company completed a private placement of 3,500,000 common shares at a price of $1.40 per common share for net proceeds of $4.9 million. On August 3, 2000 the Company issued 2,144,000 special warrants in a private placement at a price of $1.40 per special warrant for net proceeds of $2.9 million. On October 23, 2000, the Company completed a private placement of 3,950,200 units at a price of $1.40 per unit and 3,549,300 special warrants at a price of $1.40 per special warrant for aggregate net proceeds of $9.65 million. On December 27, 2000 the Company completed a private placement of 666,666 common shares at $1.50 per common share for net proceeds of $928,200. In addition, during the year the Company issued 906,659 shares with a deemed value of $1,285,000 for various fees relating to financing activities. All of the special warrants and units issued during the year consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable to purchase one common share for $1.75 until 2002.

Corporate Outlook

Our year-end as presented in this report represents only two quarters of consolidated revenues from the acquisitions made in fiscal 2001.

Since year-end, our Private Label division has been expanding rapidly with further product offerings and expansion into markets outside of North America. Our Contract Manufacturing and drug development division has been active in obtaining new drug development clients and additional high margin manufacturing business. The Exports division has a large number of business development projects underway and is expected to have considerable growth this year. Our Branded Products division is also undergoing considerable growth, launching new products and evaluating new partnerships. As well our management team is reviewing a wide portfolio of possible acquisitions. We have a disciplined approach to acquisitions in which our goal is to acquire assets where we can build value and have this value reflected in PanGeo's share price.

Based on our business development activities, our growth in private label, exports and contract manufacturing, we are confident of excellent prospects and the opportunity for value enhancement

Looking ahead, we expect to remain among the fastest-growing pharmaceutical companies in Canada. Our team is in place, our integration is nearly complete, and we will continue to move into higher margin, knowledge-based businesses.

Foreign Currency Risk

The Company does not purchase derivative products or use foreign exchange contracts to protect itself against foreign exchange risks. The Company has determined that for the size of transactions and current business mix, it will not purchase derivative hedging products. Rather, the Company will endeavor to align its assets, its purchasing and its receivables in a manner which, to the extent possible, reduces potential future losses from foreign exchange fluctuations.

Neither our Romanian operation nor our growing exports business, which is mostly in US funds, are hedged but the management periodically reviews currency risk.

Interest Rate Risk

The Company has a mix of fixed and floating rate interest-bearing debts. The Company does not enter into interest rate swaps or other interest rate hedge instruments to reduce the risk of a rise in interest rates. Given floating rate debt levels at year-end, a 1% rise in interest rates will cost the Company less than $57,000 on an annual basis.

Forward-Looking Statements

This report contains forward-looking statements, which may be identified by the use of words like "plans," "expects," "will," "anticipates," "intends," "projects," "estimates" or other words of similar meaning. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

Consolidated FINANCIAL STATEMENTS

Consolidated
FINANCIAL STATEMENTS

JANUARY 31, 2001 AND 2000

Auditor's Report

To the Directors of PanGeo Pharma Inc.
(formerly Pharmex Industries Inc.)

We have audited the consolidated balance sheets of PanGeo Pharma Inc. (formerly Pharmex Industries Inc.) as at January 31, 2001 and 2000 and the consolidated statements of deficit, operations and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2001 and 2000 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been consistently applied.

"DALE, MATHESON, CARR-HILTON"

CHARTERED ACCOUNTANTS
Vancouver, B.C.
May 15, 2001

CONSOLIDATED BALANCE SHEETS

JANUARY 31, 2001 AND 2000

	2001 $	2000 $
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 9)	11,508,789	1,437,180
Inventories (Note 3)	11,558,988	1,312,054
Other assets	122,333	27,147
Prepaid expenses	551,734	34,691
	23,741,844	2,811,072
CAPITAL ASSETS (Note 4)	11,335,740	1,918,119
INTANGIBLES (Note 6)	1,425,193	-
GOODWILL (Note 7)	3,104,723	-
DEFERRED COSTS (Note 8)	190,773	256,802
	39,798,273	4,985,993
LIABILITIES CURRENT LIABILITIES		
Bank indebtedness (Note 9)	3,001,278	575,688
Accounts payable and accrued liabilities (Note 13)	8,789,857	1,644,563
Current portion of long-term debt (Note 10)	507,376	207,426
Current portion of obligations under capital lease (Note 11)	37,614	-
	12,336,125	2,427,677
LONG-TERM DEBT (Note 10)	2,198,512	2,039,362
OBLIGATIONS		
UNDER CAPITAL LEASE (Note 11)	97,693	-
	14,632,330	4,467,039
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 12)	30,045,877	5,885,230
DEFICIT	(4,879,934)	(5,366,276)
	25,165,943	518,954
	39,798,273	4,985,993

COMMITMENTS (Note 19)

CONTINGENCY (Note 20)

Approved by the Board:

"Sean Cleary" Director "Ahmad Doroudian" Director

See Accompanying Notes

CONSOLIDATED STATEMENTS OF DEFICIT

JANUARY 31, 2001 AND 2000

	2001 $	2000 $
DEFICIT, beginning of year	(5,366,276)	(4,184,815)
NET INCOME (LOSS) FOR THE YEAR	486,342	(1,181,461)
DEFICIT, end of year	(4,879,934)	(5,366,276)

See Accompanying Notes

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED JANUARY 31, 2001 AND 2000

	2001 $	2000 $
SALES	31,725,507	5,669,012
COST OF SALES	18,786,806	3,761,073
GROSS PROFIT	12,938,701	1,907,939
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and wages	4,835,001	848,320
Sales and marketing	1,556,643	135,645
Office and administration	2,460,638	943,928
Other operating costs	1,318,168	433,729
	10,170,450	2,361,622
INCOME (LOSS) BEFORE AMORTIZATION AND INTEREST	2,768,251	(453,683)
AMORTIZATION	(1,365,203)	(462,515)
INCOME (LOSS) BEFORE INTEREST	1,403,048	(916,198)
INTEREST		
Long-term debt	(313,279)	(191,557)
Other	(563,897)	(73,706)
	(877,176)	(265,263)
INCOME (LOSS) BEFORE INCOME TAXES	525,872	(1,181,461)
FOREIGN INCOME TAXES (Note 15)	39,530	-
NET INCOME (LOSS)	486,342	(1,181,461)
EARNINGS (LOSS) PER SHARE		
Basic	0.01	(0.04)
Fully diluted	0.01	-

See Accompanying Notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JANUARY 31, 2001 AND 2000

	2001 $	2000 $
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Income (loss) for year	486,342	(1,181,461)
Items not affecting cash		
Amortization	1,365,203	462,515
	1,851,545	(718,946)
Changes in non-cash working capital		
Accounts receivable	(10,071,609)	(615,155)
Inventories	(10,246,934)	(614,609)
Other assets	(95,186)	3,286
Prepaid expenses	(517,043)	(30,424)
Accounts payable and accrued liabilities	7,145,294	568,073
	(11,933,933)	(1,407,775)
FINANCING ACTIVITIES		
Loan payable	-	(316,230)
Long-term debt	(1,205,593)	1,666,747
Issuance of share capital	22,062,647	664,200
	20,857,054	2,014,717
INVESTING ACTIVITIES		
Purchase of capital assets, intangibles and goodwill	(11,285,686)	(966,888)
Deferred costs	(63,025)	(179,725)
	(11,348,711)	(1,146,613)
DECREASE IN CASH	(2,425,590)	(539,671)
DEFICIENCY , beginning of year	(575,688)	(36,017)
DEFICIENCY , end of year	(3,001,278)	(575,688)

SUPPLEMENTAL NON-CASH INFORMATION (Note 16)

See Accompanying Notes

Notes to consolidated
FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

PanGeo Pharma Inc. is a specialty pharmaceutical company providing contract manufacturing, formulation development and sales distribution services to multi-national drug companies. The Company also manufactures, distributes and exports pharmaceutical products to North American and international chain pharmacies. The Company was incorporated pursuant to the Company Act of British Columbia on August 17, 1987 as Sukuma Explorations Inc., and adopted the name Pharmex Industries Inc. on October 6, 1996. On September 18, 2000 the Company changed its name to PanGeo Pharma Inc. On September 21, 2000 the Company continued under the Canada Business Corporations Act. The Company's common shares trade on the Toronto Stock Exchange under the symbol PIL.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company transactions have been eliminated.

b) Revenue recognition

Revenue from the sale of products is recognized at the time the related goods are shipped from the Company's facilities.

c) Inventories

Inventories of finished products and work-in-progress are valued at the lower of cost, determined on the first-in-first-out basis, and net realizable value. Inventories of materials are valued at the lower of cost, determined on the first-in-first-out basis, and replacement cost.

d) Amortization

Capital assets are recorded at cost. Amortization is provided over the estimated useful lives of the assets at the following rates:

Building	4%	Declining balance
Equipment	30%	Declining balance and 10% straight line
Leasehold improvements	10 years	Straight line
Furniture and fixtures	20%	Declining balance
Computer equipment	30%	Declining balance
Automotive equipment	30%	Declining balance

e) Intangible assets

Intangible assets are recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over 3 to 10 years.

f) Goodwill

Goodwill is recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over 25 years.

g) Foreign currency translation

Any foreign currency denominated accounts of the Company, as well as the financial statements of the Company's foreign operations, all of which are considered integrated, are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated to Canadian dollars at year end exchange rates, non-monetary assets and liabilities at exchange rates prevailing at the dates of the transactions, and revenues and expenses at the average exchange rate during the year. Gains and losses arising from foreign currency translation are included in the consolidated statement of operations.

SIGNIFICANT ACCOUNTING POLICIES – Cont'd

h) Use of estimates and risk management

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

The Company and its subsidiaries have accounts receivable and debt obligations due in foreign currencies. Foreign exchange gains or losses will result from fluctuations in foreign currency exchange rates. The Company currently has not entered into hedging transactions in respect of foreign currency exposure.

The Company's Romanian subsidiary operates in a developing economy with high rates of inflation and significant currency devaluation. There is a consequent risk of loss in value in respect to net monetary assets held in Romanian Lei (ROL). Material exchange restrictions and controls exist relating to converting ROL into other currencies. At present, there is no market for conversion of ROL in foreign currency outside Romania.

i) Financial instruments

The fair market values of the Company's cash, accounts receivable, bank indebtedness and accounts payable approximate their carrying amounts because of their immediate or short-term maturity.

The Company's carrying amounts for its long-term debt are estimated to approximate their fair market values based on financing terms available to the Company on the measurement dates.

j) Comparative figures

Certain comparative figures from the prior years have been reclassified to conform with the current year's presentation.

k) Future income tax

The Company has adopted the new accounting recommendation put forth by the Canadian Institute of Chartered Accountants relating to the recognition, measurement, presentation and disclosure of income and refundable taxes in an enterprise's financial statements (CICA Handbook Section 3465). The recommendations of Section 3465 replace the concept of "deferred income taxes" with "future income taxes". The recommendations are adopted retroactively. There was no effect on prior periods in respect of these financial statements.

No future benefit amount in respect of available carried forward tax losses and deductions has been recognized by the Company as criteria set out for recognition have not been met.

3. INVENTORIES

	2001 $	2000 $
Raw materials	4,713,876	398,046
Work-in-progress	1,074,417	225,554
Finished goods	4,415,688	636,247
Packaging	1,134,258	52,207
Other	220,749	-
	11,558,988	1,312,054

4. CAPITAL ASSETS

	2001 $			2000 $
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	2,415,172	-	2,415,172	5,272
Buildings	4,807,407	435,023	4,372,384	320,195
Equipment	6,170,103	2,296,885	3,873,218	1,176,459
Leasehold improvements	436,970	71,976	364,994	374,052
Furniture and fixtures	164,750	91,719	73,031	22,687
Computer equipment	370,312	133,371	236,941	19,454
	14,364,714	3,028,974	11,335,740	1,918,119

Included in capital assets is equipment with a net book value of $50,430 which is not currently in use and is not being amortized.

Also included in capital assets are assets acquired through capital lease with a cost of $160,034 and a net book value of $141,744

5. ACQUISITIONS

a) On May 11, 2000 the Company acquired 100% of the outstanding shares of 9046-7093 Quebec Inc. ("Formulex"). Formulex owns 100% of the issued and outstanding shares of Formulex Canada Inc., Laboratoire O.H. Inc., Medprodex Inc.and Pro-Pharmlab Inc. The purchase price of Formulex is $5,718,000 and is payable as follows:

	$
Cash at closing (Paid)	5,000
Shares (1,353,548 at deemed value of $1.55/share, issued May 10, 2000)	2,098,000
Cash (Paid August 3, 2000)	3,365,000
Cash due May 11, 2002 (Note 10)	250,000
	5,718,000

The acquisition is recorded using the purchase method and allocated as follows:

	$	$
Purchase price		5,718,000
Assets acquired	9,393,039	-
Less liabilities assumed	(6,550,876)	(2,842,163)
		2,875,837
Acquisition costs		340,000
Goodwill on purchase		3,215,837

b) On August 3, 2000 the Company completed the purchase, in part through its wholly owned subsidiary PanGeo Quebec Inc., of: 1) all the operating assets of the Quebec contract manufacturing division of Novopharm Limited & 2) 100% of the issued and outstanding share capital of Wampole Inc. ("NovoQuebec") in separate share and asset purchase agreements from Novopharm Limited and Almad Investments Ltd. for a combined purchase price of $17,788,627. The purchase price was paid in cash upon closing.

The purchase has been accounted for under the purchase method and the purchase price is allocated as follows:

	$	$
Purchase price		14,845,925
Acquisition costs		2,942,702
		17,788,627
Assets purchased	20,466,627	
Less liabilities assumed	(2,678,000)	
Net assets acquired:		17,788,627
Goodwill on purchase		-

ACQUISITIONS – Cont'd

c) During the year the Company completed the acquisition of WHM Trading Inc., a company owned 33 1/3% by a director of the Company for a nominal value of $1.

The purchase has been accounted for under the purchase method and the purchase price is allocated as follows:

	$	$
Purchase price		1
Assets purchased	-	-
Less: liabilities assumed	69,158	69,158
Goodwill on purchase		69,157

6. INTANGIBLES

	2001 $	2000 $
Cost	1,533,121	-
Less: accumulated amortization	(107,928)	-
	1,425,193	-

7. GOODWILL

	2001 $	2000 $
Cost	3,284,994	-
Less: accumulated amortization	(180,271)	-
	3,104,723	-

8. DEFERRED COSTS

	2001 $	2000 $
Development costs incurred (a)	252,882	189,857
Less: accumulated amortization	(62,109)	(15,891)
	190,773	173,966
Financing costs (b)	96,425	96,425
Less: accumulated amortization	(96,425)	(13,589)
	-	82,836
	190,773	256,802

DEFERRED COSTS - Cont'd

a) Deferred development costs consist primarily of wages, supplies and other services relating to the setup of the finished dosage business. Amortization of deferred development costs is on a straight line basis over three years and commenced in the fiscal year ending January 31, 2000

b) Deferred financing costs consist of expenses pertaining to the issuance of the Company's Series D convertible debenture.

9. BANK INDEBTEDNESS

The Company has available two operating lines of credit of up to $10,000,000, a letter of credit and letter of guarantee facility of up to $1,000,000 from the National Bank of Canada. The lines of credit are payable on demand and bear interest at the bank's prime rate + 1% to 1.25%, payable monthly. The above credit facilities are covered by a general security agreement covering all the assets of the Company, assignment of adequate fire and other perils insurance over all assets of the Company, assignment of inventory and production by way of Section 427 security registered in Canada, specific assignment of the Company's inventory and accounts receivable registered in Quebec, a registered floating security interest in the purchased capital assets of Novapharm Quebec, a $15 million collateral mortgage over three properties in Montreal and various cross guarantees amongst the Company and its subsidiaries.

10. LONG-TERM DEBT

	2001 $	2000 $
National Bank of Canada:		
Term loan bearing interest at prime + 2.25% with monthly principal repayments of $8,223 plus interest. Due February 28, 2004	279,545	-
Term loan bearing interest at prime + 2.25% with monthly principal repayments of $6,335 plus interest. Due March 16, 2003	158,300	234,320
Term loan bearing interest at prime + 2% with monthly principal repayments of $1,700 plus interest. Due November 30, 2001	18,400	38,800
Term loan bearing interest at prime + 0.75% with monthly principal repayments of $6,449. Due July 1, 2003.	193,478	-
Term loan bearing interest at prime + 0.75% with monthly principal repayments of $1,884. Due July 5, 2003.	56,522	-
National Bank term loans are secured by a specific charge over all items purchased. Additional security is detailed under Note 9.		

LONG-TERM DEBT – Cont'd

	2001 $	2000 $
Business Development Bank of Canada:		
Mortgage bearing interest at 9.95% with monthly principal repayments of $5,000. Due April 23, 2011. Secured by a moveable hypotheque on the land and buildings of Formulex and a $30,000 letter of guarantee.	1,174,600	-
Long term debt bearing interest at 10.1% with monthly principal repayments of $8,292 in the subsequent year, followed by 12 monthly principal repayments of $8,958 and the remaining monthly principal repayments of $4,000. Due March 23, 2010. Secured by a third ranking moveable hypotheque on the land and buildings of Formulex and a $300,000 letter of guarantee.	404,970	-
Long term debt bearing interest at 9.15% with monthly principal repayments of $2,340. Due April 23, 2004. Secured by a second rank moveable hypotheque on the land and building of Formulex and a $30,000 letter of guarantee.	98,280	-
Keith Machinery Corporation:		
A series of promissory notes with monthly blended repayments of $8,905 ($6,029 US). Due August 15, 2001	34,094	127,507
A series of promissory notes with monthly blended repayments of $3,207 ($2,142 US). Due July 16, 2002	15,699	46,161
Other:		
154616 Canada Inc. The principal does not bear interest and is due May, 2002. The debt is unsecured.	250,000	-
Ralston Purina Inc. – the principal does not bear interest and is due December, 2001. The debt is unsecured.	22,000	-
Convertible debentures		
Series C	-	300,000
Series D	-	1,500,000
	2,705,888	2,246,788
Current portion	507,376	207,426
	2,198,512	2,039,362

LONG-TERM DEBT – Cont'd

Principal repayments over the next five years:

	$
2002	507,376
2003	425,049
2004	274,056
2005	176,640
2006	162,600

11. OBLIGATIONS UNDER CAPITAL LEASE

	2001 $	2000 $
Capital leases payable	135,307	-
Less: current portion	37,614	-
	97,693	-

Repayment of capital leases in aggregate and in each of the next five years are as follows:

	$
2002	43,675
2003	43,675
2004	40,771
2005	21,499
2006	7,488
	157,108
Less: amount representing interest	(21,801)
	135,307

The leases are secured by the equipment under capital lease.

12. SHARE CAPITAL

	2001		2000	
	Shares	$ Amount	Shares	$ Amount
Authorized				
Unlimited common shares without par value				
Issued Balance, beginning of year	30,847,317	5,885,230	23,422,081	3,656,280
Issued				
For cash				
Exercise of stock options	398,000	123,638	632,666	104,900
Exercise of warrants	1,111,250	476,150	-	-
Private placement (a)	666,666	928,200	-	-
Private placement (b)	3,500,000	4,900,000	-	-
Private placement (c)	2,144,000	2,819,846	-	-
Private placement (d)	3,549,300	4,588,347	-	-
Private placement (e)	3,950,700	5,171,466	-	-
Special warrants(f)	1,700,000	-	-	-
Cancellation of escrow shares (g)	(226,082)	-	-	-
Conversion of debentures (h)	5,398,176	1,800,000	6,792,570	1,564,750
Acquisition of Formulex (i)	1,353,548	2,098,000	-	-
Finders fees, financing fees and consulting fees (j)	906,659	1,255,000	-	-
Balance, end of year	55,299,534	30,045,877	30,847,317	5,325,930
Special warrants (f)	-	-	-	559,300
	55,299,534	30,045,877	30,847,317	5,885,230

a) During the year the Company completed a private placement of 666,666 common shares at $1.50 per common share for net proceeds of $928,200.

b) During the year the Company completed a private placement of 3,500,000 common shares at $1.40 per common share for net proceeds of $4,900,000.

c) During the year the Company issued 2,144,000 special warrants in a private placement at $1.40 per special warrant for net proceeds of $2,819,846. Each special warrant was converted into 1 common share and one half of one share purchase warrant at no additional cost. Each full share purchase warrant entitles the holder to acquire an additional common share at $1.75 per share on or before May 11, 2002.

SHARE CAPITAL - Cont'd

d) During the year the Company completed a private placement of 3,549,300 special warrants at a price of $1.40 per special warrant. Each special warrant consisted of one common share and one-half of one purchase warrant. Each whole purchase warrant is exercisable until April 23, 2002 to purchase one additional common share for $1.75. In connection with the offering the Company granted 487,500 compensation warrants. Each compensation warrant was exercised without cost to obtain a compensation option. Each compensation option is exercisable to obtain one common share and one-half of one purchase warrant for $1.40 on or before April 23, 2002.

e) During the year the Company completed a private placement of 3,950,700 units at a price of $1.40 per unit for net proceeds of $5,171,466. Each unit consists of one common share and one-half of one purchase warrant.

f) On March 8, 2000 the Company qualified the distribution of 1,700,000 units in a prospectus offering at $0.35 per unit for net proceeds of $559,300. Each unit consisted of one common share and one half of one purchase warrant. Each full warrant entitles the holder to purchase an addition common share at $0.45 per share up to November 15, 2000. Proceeds from the sale of the unit were received in November 1999 and have been included in the records of the Company for the year ended January 31, 2000.

g) During the year, a total of 226,082 issued common shares held in escrow were cancelled and the shares returned to treasury.

h) During the year the Company converted $300,000 of Series C and $1,500,000 of Series D debenture into common shares at a conversion rate of $0.35 per share resulting in the issuance of 5,398,176 common shares.

i) On May 11, 2000 the Company issued 1,353,548 common shares in relation to the acquisition of 9046-7093 Quebec Inc. at a deemed value of $1.55 per share for total proceeds of $2,098,000. (Note 5)

j) During the year the Company issued 906,659 shares with a deemed value of $1,255,000 for various fees relating to financing activities.

SHARE CAPITAL - Cont'd

As at January 31, 2001 the outstanding stock options and share purchase warrants are as follows:

Stock Options

Number of Common Shares Reserved	Exercise Price $	Expiry Date
1,000,000	0.40	August 31, 2001
1,116,800	0.15	December 31, 2001
37,500	0.35	December 31, 2001
1,000,000	0.42	April 30, 2004
800,000	0.50	June 15, 2006
400,000	1.50	December 31, 2003
1,550,000	1.65	December 31, 2003
487,500	1.40	April 23, 2002
188,900	1.40	May 11, 2002
6,580,700		

Warrants

Number of Common Shares Reserved	Exercise Price $	Expiry Date
759,524	0.35	June 15, 2001
571,428	0.35	November 22, 2001
100,000	1.55	September 15, 2001
571,428	0.35	March 8, 2002
1,072,000	1.75	May 11, 2002
3,750,000	0.35	April 23, 2002
243,750	1.75	April 23, 2002
94,450	1.75	May 11, 2002
7,162,580		

13. RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions for the year:

	2001 $	2000 $
Directors fees	-	20,000
Legal fees paid to an officer and a company controlled by an officer	-	44,355
Interest on debt to companies with a common director	-	6,151

During the prior year, raw material and inventory amounting to approximately $28,500 was purchased from Chorney. During the current year Chorney is no longer a related party.

During the prior year, a loan of $316,230 was provided by a company controlled by a director as bridge financing to purchase machinery. This loan was repaid during the prior year with interest totaling $6,151.

Included in accounts receivable is $ NIL (2000 - $138,302) due from a company with a common director and included in accounts payable is $ NIL (2000 - $89,979) owing to companies with a common director and to a debenture holder who appointed a director.

14. TAX LOSS CARRYFORWARDS

As at January 31, 2001, the Company had approximately $12,680,000 of non-capital losses available to reduce future years income for tax purposes. The potential tax benefits relating to these amounts have not been recognized in the financial statements. These losses expire at varying dates to 2008.

15. INCOME TAXES

The Company has no taxable income in Canada. All foreign taxes paid related to the Company's Romanian operations.

16. SUPPLEMENTAL NON-CASH INFORMATION

During the year the Company issued share capital with a deemed fair market of $2,098,000 in connection with the acquisition of Formulex.

The Company also issued share capital with a deemed fair value of $1,800,000 in connection with the conversion of convertible debentures Series C and Series D (See Note 5 and 12).

17. SEGMENTED INFORMATION

	Canada $	Romania $	Total $
2001			
Sales to customers outside the enterprise	29,937,561	1,787,946	31,725,507
Income for year	355,365	130,977	486,342
Identifiable assets	38,763,654	1,034,619	39,798,273
2000			
Sales to customers outside the enterprises	4,035,076	1,633,936	5,669,012
Income (loss) for the year	(1,262,953)	81,492	(1,181,461)
Identifiable assets	3,922,532	1,063,461	4,985,993

18. MAJOR CUSTOMERS

During the year sales to the Company's five largest customers amounted to approximately 48% of total sales volume. The Company may be economically dependent on maintenance of sales volume to these customers.

19. COMMITMENTS

a) Operating lease commitments

Future minimum lease payments for obligations under operating leases are as follows:

	$
2002	252,376
2003	138,976
2004	138,976
2005	138,976
2006	131,451

20. CONTINGENCY

During the year a statement of claim was filed in the Ontario Superior Court against the Company for approximately $218,000 plus costs and interest. The claim is for alleged due diligence costs and a break-up fee with respect to a proposed financing. The Company intends to defend the action. The outcome cannot yet be determined. If the Company loses the claim, it will not have a material effect on the Company's financial operations.

DIRECTORS AND OFFICERS

Directors

Ahmad Doroudian, Ph.D.
Chairman and Chief Executive Officer

Sean Cleary, M.B.A.
Chief Financial Officer

David Appel, M.A., B.C.L.
President of David Appel Investment Consultants.
A Toronto-based investment counseling Company

Robert J. Roy, CA
Director of Merchant Banking, RoyNat Capital Inc., a wholly-owned subsidiary of Scotia Bank

Daniel Pharand, CA
Vice-President, Health Sciences of Innovatech du Grand Montreal

Scott Kelly, BA, CAAP
President,
Biocom Communications Inc.
A strategic corporate communication agency specializing in pharmaceutical marketing

Robert N. Goodwin, CFA
Director,
Jones, Gable & Company Ltd.

Ron Francisco
President, Eclipse Holdings Ltd.
A Toronto-based company specializing in financing small-cap health food and pharmaceutical companies

Officers

Ahmad Doroudian
Chairman and Chief Executive Officer

Sean Cleary
Chief Financial Officer

George James
Chief Operating Officer

Alex DelVecchio
Vice President Finance

Hamid Doroudian
President of ROM Industry SRL

Dawn Wilde
Controller

Normand Simard
Director of Operations
Pangeo Quebec & Formulex Canada

Wassim Zoeghib
Director of Exports

Steve Strome
General Manager
Canapharm Manufacturing

Charlie Mattina
Executive Vice President, Wampole Brands Inc.

Ben Custodio
Vice President, Branded Products

Pat Gushue
Vice President, Business Development

Audit Committee

Ahmad Doroudian, Ph.D.

David Appel, M.A., B.C.L.

Robert J. Roy, CA.

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Montreal, Quebec H2P 2R9
Tel: (514) 384-6516
Fax: (514) 384-9941

Corporate Headquarters

77 Bronte Road
Suite 202
Oakville, Ontario L6L 3B7
Tel: (905) 469-9992
Fax: (905) 465-2811
Web site:
www.pangeopharma.com
Email: info@pangeopharma.com

Independent Accountants

Dale, Matheson,
Carr-Hilton & Co.
Chartered Accountants
Suite 1700
1140 West Pender Street
Vancouver, British Columbia V6E 4G1

KPMG LLP
Chartered Accountants
2000 McGill College Ave.
Suite 1900
Montreal, Quebec
H3A 3H8

PricewaterhouseCoopers
Auditors and Accountants SRL
Union International Centre
11 Ion Campineanu Street
Sector 1, Bucuresti
Romania

Transfer Agent & Registrar

Pacific Corporate Trust
66 Wellington Street, Suite 5210
P.O. Box 240
TD Tower, Toronto Dominion Centre
Toronto, Ontario M5K 1J3
Tel: (416) 862-7620
Fax: (416) 366-2476
Email: pacific@pctc.com
The Transfer Agent is responsible for shareholder records, transfers, and issuance of share certificates.

2001 Annual and Special General Meeting

July 23, 2001
10:30 AM (local time)
TSE Conference Centre
The Exchange Tower
130 King Street West

Legal Counsel

Smith Lyons LLP
Scotia Plaza
40 King Street
Suite 5800
Toronto, Ontario M5H 3Z7

Financial Calendar

The Company's year-end is January 31. The Annual Report is mailed in June and Quarterly Reports are mailed in July, September and December.

Stock Information

Listed on the Toronto Stock Exchange (TSE).
CUSIP No. 69841N 107

Change of Address

Registered Shareholders should notify the Company's Transfer Agent and Registrar at the address set out above. Beneficial Owners should contact their respective brokerage firm to give notice of a change of address.

Chartered Bank

The National Bank of Canada
Suite 408
150 York Street
Toronto, Ontario M5H 3S5

Equal Opportunity Employer

PanGeo is an equal opportunity employer and seeks to attract and retain the best-qualified people regardless of race, religion, national origin, gender, sexual orientation, age, or disability.

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